



PUBLIC EMPLOYEES' RETIREMENT BOARD

100 North Park
Helena, MT 59620

MARCH 31, 2006

The Board meeting was called to order by President Carey at 10:45 Friday, March 31, 2006. Roll call was taken with all members of the Board being present.

Attending: Jay Klawon, Betty Lou Kasten, Terry Smith, John Paull, Carole Carey, Troy McGee and Robert Griffith
Janet Kelly, Department of Administration
Melanie Symons, Carolyn Miller, Kim Flatow and Linda Owen, MPERA

Visitors: Jim Kembel, MPPA/MACOP/TIAA-Cref and Jim Kerins, CMS

No public comment on any subject of interest to the Board not on the agenda.

President Carey then made the following determination:

Although the hiring of an executive director is an item of significant interest to the public, the Board's fiduciary responsibilities with respect to the administration of the retirement systems, require that the following portion of the meeting be closed. Otherwise, the sanctity of the hiring process and the privacy rights of the applicants would be put in jeopardy. This decision is consistent with the Department of Administration's personnel regulations on this issue. (ARM 2.21.3727 and 2.21.3728)

CLOSED MEETING

After closing the meeting, the Board, with the assistance of Jim Kerins, Janet Kelly and Melanie Symons, interviewed the three finalists for the Board's Executive Director position. Joan Miller's interview commenced at approximately 11:10 a.m. Susan Winchester was interviewed starting at 12:30 p.m. Roxanne Minnehan's interview began at 2:00 p.m.

The process was identical for each finalist. They were given 15 minutes to review the 12 interview questions. The finalists were permitted to bring the questions and their notes into the interview. Jim Kerins provided each finalist with introductory information regarding the interview process and the position. Each finalist was given the opportunity to ask questions prior to and following the formal interview.

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Twelve identical questions were posed to each finalist. President Carey read the questions aloud. No clarifying questions were asked of any finalist by any Board member. The Board members individually rated each response. At the conclusion of Ms. Minnehan's interview, the Board members shared their individual ratings, discussed the answers provided by each finalist, and reached a consensus rating for each finalist's answers to each question. A matrix recording the consensus ratings was retained by Jim Kerins.

The Board opened its meeting at 4:00 to hear oral presentations. Each finalist gave a presentation to the Board and the public on the following topic:

Presentation Topic

The proper management of Montana's public employees' retirement system, with trust fund assets in excess of \$4.2 billion, is of utmost importance to the citizens of Montana, most of whom fund the system and some of whom are beneficiaries of the system. Management of the systems must be conducted in accordance with the highest fiduciary standards. The PERB oversees and the MPERA administers the retirement systems. The Montana Board of Investments is the organization responsible for managing the investment of the retirement trust fund. The public retirement systems are undergoing evaluation by their stakeholders due to an unfunded liability in excess of \$500,000,000. Potential changes to plan structure and plan benefits are being discussed due to these investment losses.

In general, what is your assessment of the current retirement situation? Specifically, how will you evaluate the situation, identify funding alternatives, assess effects on employers and members, work with stakeholders, and assist the Board in addressing the unfunded liability issue?

Each individual Board member rated each finalist's presentation. No questions were allowed from the Board or from the audience. None of the finalists attended any of the other finalist's presentations.

Public comment was then solicited as follows:

This is the time and place for the Board to accept public comment regarding the Executive Director hiring process. The Board will accept comments on the process, the presentations and the qualifications required of a successful executive director. The Board will not accept comments of a personal nature or endorsements of the candidates. The Board will not permit this process to become a "popularity contest." The Board President will terminate the public participation right of any speaker who violates these requests.

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Immediate past Executive Director Mike O'Connor spoke regarding what is required of a successful executive director. Mr. O'Connor, while recognizing that the funding issue is of paramount importance, cautioned the Board that a big part of the job involves the supervision of staff.

The Board once again closed the meeting to complete the rating process. After consensus ratings of all interviews and presentations were determined, a motion was made by Troy McGee and seconded by Mr. Klawon to rank the finalists, pending reference checks. The motion passed on a 5-2 vote, with Betty Lou Kasten and Terry Smith in the minority. Jim Kerins was instructed to obtain reference checks on each of the finalists and to report to the Board at its next meeting, April 6, 2006 at 1:00 p.m.

The meeting was adjourned at approximately 6:50 p.m.